

Message Text

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ACTION XMB-04

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DEPT PASS EX-IM

EO 11652: N/A
TAGS: EINV CT VS
SUBJ: GTE DELEGATION DISCUSSES GOCAE DEBTS

1. A GENERAL TELEPHONE AND ELECTRONICS DEL HEADED BY ALEX DE BONDINI, A VICE PRESIDENT OF GTE INTERNATIONAL, HAS JUST COMPLETED TEN DAYS OF NEGOTIATIONS IN BANGUI REGARDING THE DEBTS OF THE GOCAE OWED TO THE ITALIAN SUBSIDIARY OF GTE AND TO THE ITALIAN GOVERNMENT. AGREEMENT WAS REACHED TO WORK FOR A RESCHEDULING OF THE ITALIAN GOVERNMENT DEBT, INCLUDING MORE THAN 400,000 DOLLARS ALREADY PAST DUE, IN OCTOBER. THE CENTRAL AFRICANS INDICATED IT WOULD NOT BE POSSIBLE FOR THEM TO RESUME ANY SIGNIFICANT PAYMENTS UNTIL AFTER SEPTEMBER, WHEN THEY WOULD BE MAKING THE SECOND LARGE INTEREST PAYMENT TO EX-IM UNDER THE RESCHEDULING WORKED OUT WITH EX-IM EARLIER IN THE YEAR. THE GOCAE WILL, HOWEVER, MAKE TWO SMALL PAYMENTS IN JUNE OF 20,000 DOLLARS EACH AGAINST THE 75,000 DOLLARS OF OVERDUE PAYMENTS OWED TO GTE'S ITALIAN SUBSIDIARY. DEBONDINI HAS TOLD US THAT A REVISED REPAYMENT SCHEDULE HAS ALREADY BEEN WORKED OUT WITH THE ITALIAN GOVERNMENT. IT IS SOMEWHAT LESS FAVORABLE FROM THE ITALIAN POINT OF VIEW THAN THAT AGREED TO WITH EX-IM, WITH THE EXCEPTION OF THE INTEREST RATE, WHICH WILL BE QUITE HIGH OWING TO THE PREVAILING ITALIAN
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BANK RATE. DETAILS FOR THE PROPOSED AGREEMENT WILL IN DUE COURSE BE SUBMITTED TO EX-IM BY GTE FOR REVIEW.

2. THE NEGOTIATIONS ALSO TOUCHED ON A NUMBER OF OTHER SUBJECTS INCLUDING THE OPENING OF THE NEW BANGUI TELEPHONE EXCHANGE. GTE HAS AGREED TO SEND ITALIAN TECHNICIANS BACK IN JULY FOR THE INAUGURATION. HOWEVER, ACCORDING TO DEBONDINI NO IMMEDIATE

INCREASE IN SERVICES OR REVENUES WILL RESULT SINCE THERE IS INSUFFICIENT CABLE TO CONNECT THE ADDITIONAL 3,000 LINES WHICH WILL BE AVAILABLE. DE BONDINI HAS OBTAINED A 500,000 DOLLAR LINE OF CREDIT FROM A BELGIAN FIRM (CABLERIES DE CHARLERDI) FOR CABLE AND THE GOCAE IS HOPEFUL THAT AN ADDITIONAL 1.5 MILLION CAN BE OBTAINED FROM THE AFRICAN DEVELOPMENT BANK. THE SUBJECT WAS DISCUSSED WITH ADB PRESIDENT FORDWOR DURING HIS RECENT VISIT TO BANGUI AND HE REPORTEDLY RESPONDED POSITIVELY TO THE GOCAE REQUEST.

3. THE GOCAE HAS ALSO PRESSED FOR THE TRANSFER OF THE PISSA EXCHANGE TO THE IMPERIAL COURT AT BERENGO. GTE HAS AGREED TO CARRY OUT THE TRANSFER AT A COST OF 60,000 DOLLARS BUT ONLY IF 20,000 IS PAID IN ADVANCE. THE POST AND TELECOMMUNICATIONS DEPARTMENT INDICATED THAT FUNDS FOR THIS PURPOSE WERE NOT AVAILABLE IN ITS BUDGET, BUT IT INTENDS TO SEEK FUNDS FROM THE IMPERIAL HOUSEHOLD.

4. COMMENT: DE BONDINI AND HIS COLLEAGUES HAVE BEEN VERY CAREFUL TO AVOID ANY NEW COMMITMENTS OF RESOURCES DURING THESE NEGOTIATIONS. THEY ARE ALSO AWARE OF THE IMPORTANCE OF NOT UNDERCUTTING THE EXISTING GOCAE-EX-IM AGREEMENT ON RESCHEDULING. THEY REALIZE, HOWEVER, THAT THE ONLY WAY IN WHICH THE PTT CAN BECOME SUFFICIENTLY SOLVENT OVER THE LONG TERM TO PAY ITS DEBTS IS BY INCREASING THE REVENUES OF THE BANGUI SYSTEM. THEIR EFFORTS HAVE THEREFORE BEEN FOCUSED ON FINDING SOME WAY TO FINANCE CABLE PURCHASES AND THEY HAVE CONSEQUENTLY STRESSED TO THE GOCAE THAT IT MUST DEMONSTRATE ITS CREDIT WORTHINESS BY MAKING REGULAR PAYMENTS TO ITS AMERICAN AND ITALIAN CREDITORS.QUANTON
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